



**CITY OF ROANOKE
DEPARTMENT OF FINANCE**

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June 7, 2010

Honorable David A. Bowers, Mayor
Honorable Sherman P. Lea, Vice-Mayor
Honorable M. Rupert Cutler, Council Member
Honorable Gwendolyn W. Mason, Council Member
Honorable Anita J. Price, Council Member
Honorable Court G. Rosen, Council Member
Honorable David B. Trinkle, Council Member

Dear Mayor Bowers and Members of City Council:

Subject: Financial Report for the City of Roanoke for the month of April 2010

The following financial report provides commentary on the City's financial results for the first ten months of this fiscal year.

General Fund revenues through April of FY10 were 3.1% or \$6,499,000 below last year as presented in the accompanying report. April was a significant revenue collection month as the second installment of real estate tax was due April 6th. Currently, real estate tax collections are 2.0% higher than last year, tracking as expected based on our projections, and the City met the real estate estimate for FY10. The next major local tax due date is Tuesday, June 1, 2010, for the personal property tax. This tax is projected to fall 7% behind fiscal year 2009. Other local taxes, most notably the local portion of the sales tax, have declined in FY10.

General Fund expenditures through April decreased 1.6% or \$3,538,000 compared to the first ten months of FY09. Expenditure declines are largely driven by decreased costs in Judicial Administration and Parks, Recreation, and Cultural. These lower expenditures are the result of budget reduction measures that include reductions in employee positions, employee benefits, and programs and services. The City continues to monitor revenue shortfalls and manage expenditures accordingly with both positive and negative variances discussed in this narrative.

Revenues:

The revenue shortfall for FY10 is currently projected at approximately \$5.2 million compared to the adopted budget. This is a decrease of 2.0% compared to the original

adopted budget and places FY10 revised revenues at 3.3% below FY09 audited revenues.

Additional revenue details are as follows:

General Property Taxes increased 0.6% or \$602,000 compared to FY09. The total levy for real estate increased 2.0% in FY10 due primarily to growth in real estate assessments. In addition, supplemental revenues from construction activities added favorably to the category. Partially offsetting the real estate growth is a decline in personal property tax revenue compared to last year as a result of lower billings on new vehicles as well as an increase in the personal property tax relief percentage. We are currently projecting a 7% decline in this revenue source.

Other Local Taxes decreased 7.1% or \$3,842,000 compared to FY09. The majority of our local taxes are trending lower due to the negative impact of the national economic decline. Sales tax revenues, which began to decline in January 2009, are 13.9% lower this year through March sales. Business License tax is projected to end the year down 5.4%. Transient Occupancy, Prepared Food and Beverage, and Cigarette taxes have also declined compared to last fiscal year by 6.4%, 4.0% and 7.2%, respectively. Telecommunications Tax, though currently down 1.5% from last year, is projected to end fiscal year 2010 with a slight increase. The improvement is projected due in part to a large State issued refund that impacted the later months of FY09. Though most of our local tax revenues have declined on a fiscal year-to-date basis, some are beginning to improve. The Prepared Food and Beverage tax for the month of March grew 6.4% over March of FY09. Transient Occupancy and Admissions taxes also had month over month increases. We are hopeful that this is a sign of local economic improvement and will continue to closely monitor all local taxes.

Permits, Fees, and Licenses decreased 21.7% or \$218,000 compared to FY09. Construction activity continues to be slow due to the declining economy, resulting in fewer permits obtained and lower permit revenues. In addition, there were several commercial permits obtained in early months of FY09.

Revenue from the Use of Money and Property fell 29.8% or \$218,000 compared to FY09 due to the loss of rental income from State offices vacating space at the Commonwealth Building. The City invests funds that are not needed for immediate use in highly liquid, low risk investments to create interest revenue. The average annualized interest earned on available cash as of April was 0.7% versus 1.8% for the same period last fiscal year.

Intergovernmental revenues decreased 3.2% or \$1,460,000 compared to last year. This variance is comprised of decreases in other categorical and non categorical aid such as Rental Car tax, EMS-Four for Life, and Law Enforcement (HB 599) funding, as well as reimbursement for constitutional officers. The overall decline is partially offset by increased reimbursement of day care and foster care expenditures paid by the City. It is important to note that this category will be further impacted by \$1.8 million in

Commonwealth budget reductions to constitutional officers as well as reduced funding for law enforcement, libraries, and various social services. The Commonwealth budget reductions primarily in compensation board payments will continue to be fully reimbursed until the end of the year, at which point reimbursements will be discontinued until fiscal year 2011. Also impacting the decline in this category are timing differences in the collection of Comprehensive Services Act revenues for January services as well as jail per diems for the third quarter. Adjusted for these timing differences, Intergovernmental revenues declined 1.1% or \$497,000.

Charges for Services decreased 15.7% or \$1,130,000 compared to FY09 due in part to a timing difference and a change in revenue recognition policy. This change was implemented July 1, 2009. Though it impacts results in the current report, this is not expected to alter revenue in this category for the fiscal year as a whole. Also contributing to the decline in this category is lower revenue received for housing federal prisoners (26.3%) and prisoners from other localities (82.0%) due to the shift of prisoners to the new regional jail that opened in March 2009. Partially offsetting the decline in this category was an increase in off-duty police billings as several businesses have hired police officers for extended-term assignments.

Expenditures:

The fiscal year 2010 General Fund expenditure budget totals \$258.3 million and includes funding of approximately \$1 million to cover contracts and purchase orders made during fiscal year 2009 but not paid by the end of that year. The General Fund expenditures and encumbrances through April were \$216.6 million, a 1.6% decline compared to FY09. We expect the variance to grow closer to the revenue shortfall variance in the next two months. Departments have made adjustments to stay within budget. In addition, there are internal services adjustments that will decrease total expenditures in the General Fund.

Expenditure declines are in part the result of expenditure reduction strategies implemented earlier in the fiscal year including the deferring of planned expenditures for fleet replacement and technology capital, a hiring freeze, and managing the budget contingency conservatively.

Expenditure variances are discussed in the following sections.

Judicial Administration expenditures declined 13.0% or \$914,000 due primarily to a decrease in residential detention service charges paid to Roanoke Valley Juvenile Detention Commission. The Roanoke Valley Juvenile Detention Commission per diem rates increased from \$153 to \$180 effective December 1, 2009, to ensure adequate funding in light of population decline. Accordingly, the City is subject to fluctuations in expenditures related to the Detention Center.

Parks, Recreation and Cultural expenditures decreased 11.0% or \$1,020,000 from FY09. Roanoke Arts Commission expenditure reductions of 20% were made for FY10

including the elimination of funding for the Arts Festival. Also contributing to the variance in this category is a reduction in Event Zone expenditures, program activities, supplies, and decreased publications and subscriptions.

Nondepartmental expenditures are 17.2% or \$892,000 lower this fiscal year through April compared to last fiscal year. Transfers to Civic Facilities have decreased 18.2% due to improved financial performance of the Civic Center Fund with Global Spectrum managing the property. Transfers to the Capital Projects fund have decreased by 17.7% due to a lower level of cash funding for projects in FY10. The single largest change was funding to the Roanoke River Flood Reduction project. In addition, the operating subsidy for the Greater Roanoke Transit Company was reduced by 20% due to planned changes in operations. Federal and State subsidies to GRTC are also lower than FY09.

Civic Facilities Fund:

Prior year results are not fully comparable because the accounting methods of the City and Global Spectrum differ. Comparisons between years will focus on the Operating Income or Loss measure as well as the Change in Net Assets which provides a meaningful comparison.

The Operating Loss for FY10 year to date has improved by 36.5% or \$780,000 when compared to FY09. When this is adjusted for VML Host City Night expenses recorded in this fund, the improvement would be 39.4% or \$842,000. The Loss Before Transfers and Contributions improved 31.0% or \$817,000 compared to the prior year. The transfer of \$1,009,050 from the General Fund represents one half of the budgeted FY10 operating subsidy. The FY10 subsidy is expected to be within the budgeted amount of \$2,018,000. The Fiscal Year 2009 total subsidy was \$2,678,000.

Global Spectrum's management of the Civic Center operations continues to bring improvements in the quality and quantity of events. Global Spectrum has now been managing the Civic Center for sixteen months. January through April 2009 brought a total of 94 events compared to 114 from January to April 2010, an increase of 21.3%. Year-to-date, Global Spectrum has brought in 45 additional events or 21.6% more than budgeted. Paid attendance for April 2010 increased 9.2% over April 2009. The Civic Center operations have gained momentum and continued positive results are expected.

Parking Fund:

Operating Income for the 2010 fiscal year-to-date reflects a decline of 16.2% or \$93,000 compared to FY09. This decline was the result of a 4.4% decrease in revenues. Operating expenses declined 2.3% from FY09 levels. Lancor, our management firm for the parking garages, continues marketing services to downtown businesses to improve the revenue shortfall and is working to minimize expenses. The results of these efforts can be seen in the Operating Income line which has improved

across the fiscal year and currently reflects a 16.2% decline compared to the prior year. In perspective, the August Operating Income represented a 57.1% decline from the prior year. Noteworthy items regarding the performance of Parking Fund are as follows:

- ✓ A reduction of leased spaces by two major customers had a significant negative impact on revenues for the Church and Tower garages. The Church garage has begun to recover, but the Tower garage continues to struggle.
- ✓ Operating Expenses continue to be driven by higher utility costs and management fees. Utilities are up 5.8% from the same period in FY09. Maintenance is being deferred to the extent possible.

Market Building Fund:

The Market Building results reflect an improvement in the Operating Loss of over \$276,000 for the current year when compared to the prior year. When adjusting FY09 performance to remove the FY09 repair and maintenance expenses, FY10 Operating Loss improved \$71,000 compared to FY09. Revenues are down 8.4% in FY10 and expenses are down by 23.7% after adjusting for the FY09 repairs and maintenance. Noteworthy items regarding the performance of the Market Building Fund are as follows:

- ✓ The Market Building revenue decline was driven by vendor vacancies in FY10 as compared to the same time in FY09. One additional vendor is leaving in May.
- ✓ The transfer from the Capital Projects Fund of \$2.2 million is for Market Building renovations.
- ✓ The transfer from the General Fund of \$47,250 represents one half of the budgeted FY10 operating subsidy.

In closing, fiscal year 2010 has been challenging due to the economic environment. We are, however, hopeful that the improvements seen this month in our local tax category is a positive sign for our local economic outlook. Please call me should you have any questions on the financial statements.

Sincerely,



Ann H. Shawver
Director of Finance

Attachments

Honorable Mayor and Members of Council
June 7, 2010
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c: Christopher P. Morrill, City Manager
William M. Hackworth, City Attorney
Stephanie M. Moon, City Clerk
James Grigsby, Assistant City Manager
R. Brian Townsend, Assistant City Manager
Sherman M. Stovall, Director of Management and Budget
Deborah J. Moses, Parking Facilities Manager
Chris Connolly, General Manager, Global Spectrum
Rita D. Bishop, Superintendent, Roanoke City Public Schools
Curtis Baker, Deputy Superintendent of Operations,
Roanoke City Public Schools

**CITY OF ROANOKE, VIRGINIA
GENERAL FUND
FOR THE TEN MONTHS ENDED APRIL 30, 2010**

**STATEMENT OF REVENUE
(UNAUDITED)**

Revenue Source	Current Revenue Budget	Actual July 1 - April 30 2009 - 2010	Actual July 1 - April 30 2008 - 2009	Percent of Budget Received	FY10 vs FY09 Variance
General Property Taxes	\$ 100,966,000	\$ 98,651,430	\$ 98,049,249	97.7%	0.6 %
Other Local Taxes	72,499,000	50,074,458	53,916,132	69.1%	-7.1 %
Permits, Fees and Licenses	1,166,000	704,094	899,559	60.4%	-21.7 %
Fines and Forfeitures	1,472,000	1,367,561	1,297,906	92.9%	5.4 %
Revenue from Use of Money and Property	597,000	513,781	731,853	86.1%	-29.8 %
Intergovernmental	69,168,307	43,716,317	45,176,603	63.2%	-3.2 %
Charges for Services	7,983,000	6,087,630	7,217,740	76.3%	-15.7 %
Internal Services	2,637,000	2,187,560	2,419,049	83.0%	-9.6 %
Transfers From Other Funds	25,586	25,586	33,333	100.0%	-23.2 %
Miscellaneous Revenue	505,000	529,148	614,695	104.8%	-13.9 %
Total	\$ 257,018,893	\$ 203,857,565	\$ 210,356,119	79.3%	-3.1 %

**STATEMENT OF EXPENDITURES AND ENCUMBRANCES
(UNAUDITED)**

Expenditures	Current Expenditure Budget	Actual July 1 - April 30 2009 - 2010	Actual July 1 - April 30 2008 - 2009	Percent of Budget Obligated	FY10 vs FY09 Variance
General Government	\$ 12,525,329	\$ 10,385,721	\$ 11,140,264	82.9%	-6.8 %
Judicial Administration	7,831,661	6,118,796	7,032,468	78.1%	-13.0 %
Public Safety	60,208,084	51,993,148	52,575,990	86.4%	-1.1 %
Public Works	25,015,731	21,140,976	21,552,511	84.5%	-1.9 %
Health and Welfare	39,406,500	34,523,199	34,158,861	87.6%	1.1 %
Parks, Recreation and Cultural	9,641,896	8,240,520	9,260,657	85.5%	-11.0 %
Community Development	7,052,839	5,020,828	5,390,944	71.2%	-6.9 %
Transfer to Debt Service Fund	22,175,753	21,702,573	21,076,057	97.9%	3.0 %
Transfer to School Fund	63,847,461	53,206,218	52,789,551	83.3%	0.8 %
Nondepartmental	10,592,314	4,283,980	5,176,194	40.4%	-17.2 %
Total	\$ 258,297,568	\$ 216,615,959	\$ 220,153,497	83.9%	-1.6 %

CITY OF ROANOKE, VIRGINIA
CIVIC FACILITIES FUND
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE TEN MONTHS ENDED APRIL 30, 2010
(UNAUDITED)

	FY 2010	FY 2009
<u>Operating Revenues</u>		
Rentals	\$ 3,182,335	\$ 590,101
Event Expenses	1,563,573	146,910
Advertising	85,813	68,920
Admissions Tax	420,330	219,430
Facility Surcharge/Ticket Rebate	360,043	196,770
Commissions	157,500	159,700
Ancillary	73,787	68,436
Miscellaneous	91,216	20,259
Total Operating Revenues	5,934,597	1,470,526
<u>Operating Expenses</u>		
Personal Services	915,232	1,228,348
Operating Expenses	5,332,998	1,619,620
Management Fees	267,068	-
Depreciation	778,300	762,000
Total Operating Expenses	7,293,598	3,609,968
Operating Loss	(1,359,001)	(2,139,442)
<u>Nonoperating Revenues/(Expenses)</u>		
Other	30,614	15,509
Investment Income	15,009	11,990
Interest Expense	(507,448)	(526,151)
Net Nonoperating Expenses	(461,825)	(498,652)
Loss Before Transfers and Contributions	(1,820,826)	(2,638,094)
<u>Transfers and Contributions</u>		
Transfer from Capital Projects Fund	78,317	-
Transfer from General Fund	1,009,050	1,234,050
Transfer to Debt Service	(63,494)	(65,244)
Net Transfers and Contributions	1,023,873	1,168,806
Change in Net Assets	\$ (796,953)	\$ (1,469,288)

NOTE: Differences in operating and accounting methods used by the City and Global Spectrum diminish the meaningfulness of comparisons between FY09 and FY10 above the Operating Loss line.

CITY OF ROANOKE, VIRGINIA
PARKING FUND
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE TEN MONTHS ENDED APRIL 30, 2010
(UNAUDITED)

	<u>FY 2010</u>	<u>FY 2009</u>
<u>Operating Revenues</u>		
Market Garage	\$ 272,480	\$ 297,109
Elmwood Park Garage	432,464	427,988
Center in the Square Garage	243,428	230,064
Church Avenue Garage	537,274	585,064
Tower Garage	341,731	424,987
Gainsboro Garage	106,353	109,248
Campbell Garage	26,988	15,826
Williamson Lot	75,390	70,487
Higher Ed Center Lot	45,368	51,373
Market Lot	18,548	18,662
Elmwood Lot	66,824	60,490
Warehouse Row Lot	30,675	25,156
West Church/YMCA Lots	21,892	21,892
Parking Violations (All Locations)	35,088	19,844
Total Operating Revenues	<u>2,254,503</u>	<u>2,358,190</u>
<u>Operating Expenses</u>		
Operating Expenses	1,077,105	1,102,186
Depreciation	696,380	681,774
Total Operating Expenses	<u>1,773,485</u>	<u>1,783,960</u>
Operating Income	<u>481,018</u>	<u>574,230</u>
<u>Nonoperating Revenues/(Expenses)</u>		
Investment Income	19,373	48,397
Interest Expense	(385,636)	(417,107)
Net Nonoperating Expenses	<u>(366,263)</u>	<u>(368,710)</u>
Income Before Transfers and Contributions	<u>114,755</u>	<u>205,520</u>
<u>Transfers and Contributions</u>		
Transfers In	-	14,466
Net Transfers and Contributions	<u>-</u>	<u>14,466</u>
Change in Net Assets	<u>\$ 114,755</u>	<u>\$ 219,986</u>

**CITY OF ROANOKE, VIRGINIA
MARKET BUILDING FUND
COMPARATIVE STATEMENT OF REVENUES AND EXPENSES
FOR THE TEN MONTHS ENDED APRIL 30, 2010
(UNAUDITED)**

	<u>FY 2010</u>	<u>FY 2009</u>
<u>Operating Revenues</u>		
Charges for Services	\$ 173,179	\$ 188,953
Total Operating Revenues	<u>173,179</u>	<u>188,953</u>
<u>Operating Expenses</u>		
Other Services and Charges	196,308	487,229
Depreciation	<u>83,040</u>	<u>84,003</u>
Total Operating Expenses	<u>279,348</u>	<u>571,232</u>
Operating Loss	<u>(106,169)</u>	<u>(382,279)</u>
<u>Nonoperating Revenues</u>		
Investment Income	8,618	3,170
Miscellaneous	<u>-</u>	<u>88</u>
Net Nonoperating Revenues	<u>8,618</u>	<u>3,258</u>
Loss Before Transfers & Contributions	<u>(97,551)</u>	<u>(379,021)</u>
<u>Transfers and Contributions</u>		
Transfer in from Capital Projects Fund	2,205,062 (1)	120,000
Transfer in from General Fund	<u>47,250</u>	<u>17,500</u>
Net Transfers and Contributions	<u>2,252,312</u>	<u>137,500</u>
Change in Net Assets	<u>\$ 2,154,761</u>	<u>\$ (241,521)</u>

(1) Funding for Market Building renovation.

**CITY OF ROANOKE, VIRGINIA
CITY TREASURER'S OFFICE
GENERAL STATEMENT OF ACCOUNTABILITY
FOR THE MONTH ENDED APRIL 30, 2010**

TO THE DIRECTOR OF FINANCE:

GENERAL STATEMENT OF ACCOUNTABILITY OF THE CITY TREASURER OF THE CITY OF ROANOKE, VIRGINIA
FOR THE FUNDS OF SAID CITY FOR THE MONTH ENDED APRIL 30, 2010.

	BALANCE AT MAR 31, 2010	RECEIPTS	DISBURSEMENTS	BALANCE AT APR 30, 2010	BALANCE AT APR 30, 2009
CONSOLIDATED FUNDS	\$62,569,333.50	\$23,302,213.78	\$32,003,312.54	\$53,868,234.74	\$96,266,410.46

CERTIFICATE

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE STATEMENT OF MY ACCOUNTABILITY
TO THE CITY OF ROANOKE, VIRGINIA, FOR THE FUNDS OF THE VARIOUS ACCOUNTS THEREOF
FOR THE MONTH ENDING APRIL 30, 2010. THAT SAID FOREGOING:

CASH

CASH IN HAND	\$14,852.99
CASH IN WACHOVIA BANK	203,391.09
CASH IN HOMETOWN BANK	100.00
CASH IN VALLEY BANK	1,990.75

INVESTMENTS:

WACHOVIA OVERNIGHT SWEEP ACCOUNT	88,000.00
LOCAL GOVERNMENT INVESTMENT POOL	2,948,880.41
SMITH BARNEY GOVERNMENT MONEY MARKET FUND	8,234,463.73
CERTIFICATES OF DEPOSIT	18,002,939.64
U. S. AGENCIES	2,000,000.00
VIRGINIA AIM PROGRAM (U. S. SECURITIES)	6,007,874.58
VIRGINIA SNAP PROGRAM (U. S. SECURITIES)	16,365,741.55
TOTAL	\$53,868,234.74

MAY 18, 2010


EVELYN W. POWERS, TREASURER

**CITY OF ROANOKE PENSION PLAN
STATEMENT OF CHANGES IN PLAN NET ASSETS
FOR THE TEN MONTHS ENDED APRIL 30, 2010
(UNAUDITED)**

	<u>FY 2010</u>	<u>FY 2009</u>
<u>Additions/(Reductions):</u>		
Employer Contributions	\$ 8,899,195	\$ 9,929,413
Investment Income		
Net Appreciation/(Depreciation) in Fair Value of Investments	53,095,611	(81,907,258)
Interest and Dividend Income	3,921,661	6,214,232
Total Investment Gain/(Loss)	57,017,272	(75,693,026)
Less Investment Expense	483,303	429,158
Net Investment Gain/(Loss)	56,533,969	(76,122,184)
Total Additions/(Reductions)	<u>\$ 65,433,164</u>	<u>\$ (66,192,771)</u>
 <u>Deductions</u>		
Benefits Paid to Participants	\$ 23,206,693	\$ 21,826,953
Administrative Expenses	317,382	316,813
Total Deductions	23,524,075	22,143,766
Net Increase/(Decrease)	41,909,089	(88,336,537)
 Net Assets Held in Trust for Pension Benefits:		
Fund Balance July 1	266,428,241	344,383,415
Fund Balance April 30	<u>\$ 308,337,330</u>	<u>\$ 256,046,878</u>

**CITY OF ROANOKE PENSION PLAN
STATEMENT OF PLAN NET ASSETS
APRIL 30, 2010
(UNAUDITED)**

	<u>FY 2010</u>	<u>FY 2009</u>
<u>Assets</u>		
Cash	\$ 279,588	\$ 1,877,479
Investments, at Fair Value	310,405,899	256,064,691
Due from Other Funds	<u>477</u>	<u>366,487</u>
Total Assets	<u>\$ 310,685,964</u>	<u>\$ 258,308,657</u>
 <u>Liabilities and Net Assets</u>		
 Liabilities:		
Due to Other Funds	\$ 2,348,437	\$ 2,261,736
Accounts Payable	<u>197</u>	<u>43</u>
 Total Liabilities	 <u>2,348,634</u>	 <u>2,261,779</u>
 Net Assets Held in Trust For Pension Benefits	 <u>\$ 308,337,330</u>	 <u>\$ 256,046,878</u>